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August 4, 2020

Via Electronic Mail

Hon. Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th floor
P.O. Box 350
Trenton, New Jersey 08625-0350

Re: I/M/O Petition of Public Service Electric and Gas Company Pursuant to N.J.A.C. 14:3-5.1(e) for Approval of the Relocation of its North Hudson Customer Service Center from 4808 Bergenline Avenue, Union City to 5665 John F. Kennedy Boulevard, North Bergen BPU Docket No. EO20020110

Dear Secretary Camacho-Welch:

Please accept for filing in the above-referenced matter the comments of the New Jersey Division of Rate Counsel's ("Rate Counsel") regarding the Public Service Electric and Gas Company ("PSE&G" or "the Company") Petition to relocate its North Hudson Customer Service Center ("CSC") from 4808 Bergenline Avenue, Union City, to 5665 John F. Kennedy Boulevard, North Bergen. Copies of this comment letter are being provided to each person on the service list by electronic mail only. **Please acknowledge receipt of this comment letter.** Thank you.

Summary

Rate Counsel does not object to the proposed relocation of PSE&G's North Hudson CSC to the newly renovated location, subject to the conditions set forth herein.

However, Rate Counsel expresses no opinion herein on the rate impact and prudence of the costs incurred for the renovation and relocation, but reserves the right to review those issues in the Company's next base rate case or other appropriate proceeding. The North Hudson CSC is very busy, with over 180,000 visits during calendar year 2018.

Accordingly, Rate Counsel recommends that PSE&G develop a contingency plan in the event that a maintenance issue, or a delay in renovation and relocation, renders both the current and proposed new North Hudson CSC locations unavailable.

Background

PSE&G is a public utility of the State of New Jersey having an office at 80 Park Plaza, Newark, New Jersey. PSE&G is subject to the jurisdiction of the New Jersey Board of Public Utilities ("BPU" or the "Board"). PSE&G supported its Petition with the Affidavit of Adam Pasteka, Manager Operations - Customer Service Center of PSE&G, dated February 4, 2020.

On February 5, 2020, PSE&G filed the above-referenced petition with the Board seeking approval under N.J.A.C. 14:3-5.1(e), which requires filing a request for approval at least 60 days before the proposed relocation of a CSC, to relocate its North Hudson CSC, located at 4808 Bergenline Avenue, Union City, to 5665 John F. Kennedy Boulevard, North Bergen. PSE&G plans to implement the relocation, if possible, during the fourth quarter 2020 but in any event before May 31, 2021, when the lease on its current facility expires. (Petition ¶¶ 1 & 2) PSE&G proposes to relocate its North Hudson CSC to the new facility due to maintenance issues with the current facility that have caused closures. (Petition ¶ 1) Additionally, the new location will offer free on-site

customer parking, which is not available at the current location. (Petition ¶ 7) The new facility will have similar access to public transportation as the current CSC. (Petition ¶ 3)

The proposed new CSC is located approximately 0.7 miles from the current CSC location. (Petition ¶ 2; Pasteka Aff. ¶ 3) PSE&G plans to relocate its CSC into the renovated ground floor of a new, multi-story building. (Petition ¶ 6) Although the proposed new CSC is in a new building, it must be equipped to operate as a CSC at an estimated cost of approximately \$1.5 million. (Id.) PSE&G estimates that work can begin during the third quarter of 2020. (Petition ¶ 2) Subject to acquiring all necessary permits and approvals, PSE&G anticipates that the fully equipped new location should be ready to open as a CSC during the fourth quarter of 2020. (Id.)

After renovation, PSE&G plans to provide the same services with the same personnel and during the same hours as it does currently. (Petition ¶¶ 2 & 5) The renovated North Hudson CSC is expected to be fully compliant with the Americans with Disabilities Act. (Petition ¶ 7)

PSE&G anticipates that its existing North Hudson CSC should be able to continue operating in its current location until the renovated new location is ready to open as a CSC. (Petition ¶ 2; Pasteka Aff. ¶ 4) PSE&G has committed that, if it must close the current CSC temporarily, it will notify the Board and commence efforts to ascertain the best options for minimizing customer inconvenience. (Woolridge Aff. ¶ 4)

The costs of relocating the North Hudson CSC to the newly equipped location

Rate Counsel is unable to opine as to the cost-effectiveness of PSE&G's proposal to equip the new location as a CSC, since PSE&G has provided only an estimate of

approximately \$1.5 million in costs. (Petition ¶ 6) PSE&G also has not stated whether it must incur any costs to close the current CSC or provided an estimate of any such costs.

PSE&G also has not stated whether it anticipates an increase in any of its operational expenses for the new North Hudson CSC after it opens. However, the Company anticipates paying less to rent the new location. PSE&G now pays annual base rent of \$163,875 (with 3% increases each year) for its current location, and has entered into a 10-year lease at the new location with annual rent starting at \$120,224 during lease years one through five. (Petition ¶ 6) The Petition does not state the amount of annual increases during lease years six through ten. The Petition generally refers to “supporting economic development” with this relocation; however, the benefits and beneficiaries are not specified. (Petition ¶ 6) Accordingly, it is not possible to evaluate the costs or benefits of such “economic development” to PSE&G ratepayers.

The Company has not proposed a process to review the accounting for its renovation and relocation costs. Rate Counsel recommends such review in PSE&G’s next base rate case or other appropriate proceeding, and reserves all our rights in that regard.

Analysis

1. Notice

The Board’s regulations provide that simultaneously with the filing of a petition to close or relocate an office, a utility must notify its customers and the clerk of each affected municipality of the pending application for permission to relocate or close the subject office, N.J.A.C. 14:3-5.1(e)(2), and, within three days of filing the petition, the utility must publish a notice in the newspaper(s) serving the affected area. Id.

In support of its Petition, PSE&G provided the affidavit of Adam Pateska, stating that it will post notice of this Petition¹ in English and Spanish at the North Hudson CSC; publish it in three newspapers serving the affected area, the Star Ledger, Jersey Journal and El Especialito; and serve it on the Clerks of the City of Union City and the City of North Bergen. (Petition ¶¶ 8 - 10; Pateska Aff. ¶¶ 6 & 7) PSE&G also has represented that, once it obtains approval from the Board for the relocation, it has developed a detailed communications plan to advise community organizations, including local social and senior agencies, as well as government officials, of the relocation. This will include printing the new CSC address on PSE&G bills for customers in the area; posting messages on social media; advising PSE&G customer service and collection personnel, who work on the telephone and in the field; and updating the Company's website. (Petition ¶ 8)

In accord with the Board's regulations, N.J.A.C. 14:3-5.1(e)2, the proposed public notices advise customers and the City of Union City and City of North Bergen of their right to file comments on the proposed relocation with the Board.

2. Reasonable/Public Interest

The Board's regulations provide that, when seeking to close or relocate an office, a utility must demonstrate to the Board that the closure or relocation is not unreasonable and will not unduly prejudice the public interest. N.J.A.C. 14:3-5.1(e)(1).

The North Hudson CSC is very busy, with over 180,000 in-person visits during 2018. (Pasteka Aff., Ex. 1) Approximately 80% of those visits are payment transactions;

¹ The Company must ensure that it posts and publishes notice of this Petition before the Board approves it and must include a meaningful public comment period.

the other 20% involve other services. (Id.) The high level of usage of the North Hudson CSC illustrates the importance of PSE&G opening in its new location promptly to avoid inconvenience and disruption to thousands of customer service visits. PSE&G plans to keep its current CSC open until renovation of the new location is complete. (Petition ¶ 2; Pateska Aff. ¶ 4) However, the Company has not specified a contingency plan, such as extending the lease on its current CSC location, in the event that a delay in equipping the new location or a maintenance issue with its current CSC renders both North Hudson CSC locations unavailable. Rate Counsel recommends that PSE&G develop such a contingency plan to avoid customer inconvenience.

In summary, based on the information provided to Rate Counsel, PSE&G has demonstrated that its proposal to relocate its North Hudson CSC to the new location is reasonable and should not unduly prejudice the public interest if PSE&G develops such a contingency plan.

Recommendation

Rate Counsel does not object to PSE&G's Petition seeking approval to relocate its North Hudson CSC to the new location, but reserves the right to review the rate impact and prudence of the costs incurred for the relocation and equipping the new location in the Company's next base rate case or other appropriate proceeding. Rate Counsel respectfully asks the Board to require PSE&G to develop a contingency plan in the event that both its current and proposed new North Hudson CSC locations become unavailable, and to meet certain other conditions set forth below.

Accordingly, Rate Counsel recommends that any Board Order approving PSE&G's Petition contain the following language:

1. PSE&G shall develop a contingency plan in the event that both its current and its proposed new North Hudson CSC locations become unavailable before completion of the equipping and relocation process.
2. PSE&G shall maintain, at a minimum, the same hours of operation, staffing levels, and level of service at the North Hudson CSC after its relocation.
3. PSE&G shall maintain, at a minimum, the level of accessibility for persons with disabilities at the relocated North Hudson CSC as required by the Americans with Disabilities Act.
4. PSE&G shall notify the Board and Rate Counsel if it anticipates any changes in the hours of operation, staffing levels, or level of service at the North Hudson CSC after its relocation.
5. The rate impact and prudence of PSE&G's costs incurred to renovate, equip and relocate the North Hudson CSC will be reviewed in the Company's next base rate case or other appropriate proceeding.
6. This Order shall not affect nor in any way limit the exercise of the authority of the Board or of this State, in any future Petition or in any proceeding with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or any other matter affecting the Petitioner.

PSE&G's agreement to meet the terms set forth above, would address Rate Counsel's concerns about the Petition.

Very truly yours,

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

By: /s/ Brian Weeks
Brian Weeks, Esq.
Deputy Rate Counsel

c. Service List (via electronic mail)

**In the Matter of the Petition of Public Service
Electric and Gas Company for the Approval of
of the Relocation of the North Hudson
Customer Service Center**

BPU Dkt No. EO2002110

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